S/045/049

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Salt Lake District Office
2370 South 2300 West
Salt Lake City, Utah 84119

IN REPLY REFER TO:

U-73999
(UT-023)

JUL 2 1998

CERTIFIED MAIL P 299 538 639
RETURN RECEIPT REQUESTED

Mr. Robert J. Holladay
Clifton Mining Company
70 West Canyon Crest Road, Suite D
Alpine, UT 84004

Dear Mr. Holladay:

We have been working with Clifton Mining Company (CMC) since September 6, 1996, to approve the milling plan for the Cactus mill site located in T. 7 S., R. 18 W., Section 35. In the original milling Plan of Operations, CMC stated that the milling operation would use up to 6,300 gallons of water per hour and re-circulate 4,000 gallons per hour through the mill. They also stated that the excess 2,300 gallons of water per hour would be disposed of by "evaporation."

On April 21, 1998, CMC was notified by this office that we had concerns that the entire volume of water proposed for storage in the 2.47 acre tailings impoundment (16.5 million gallons) could not be evaporated during the course of normal operations, and might be diverted into the adjacent drainage without some type of safeguard system. In that letter, we informed CMC that the minimum normal pan evaporation rate in the Gold Hill area was 60 inches per year. A 2.47 acre tailings impoundment would result in the evaporation of about 4 million gallons of water per year. We asked that CMC provide this office with a modified proposal for the tailings impoundment which would address the storage, recycling and/or evaporation of the additional 12.5 million gallons of excess water that would not likely be evaporated naturally.

On April 30, 1998, we received your response to our request for a modified proposal for CMC's milling operation. In your letter, you stated that "the level of standing water in the tailings ponds will be kept as low as practicable to ensure rapid drying during the summer months so that pond walls can be raised as needed, and to minimize the potential of pond wall damage from precipitation during the winter months." You went on to state "our metallurgical processes do not require the addition of fresh water to the system. During the winter months when evaporation is low, we can and will operate entirely on recycled water, thus avoiding any

buildup of excess mill water that could pose a potential threat to the aquifer."

In your response, you provided only general observations regarding the mill site's capability to handle the excess water that would be produced. These generalizations do not provide sufficient specific information to conduct a thorough analysis of your milling operation in the Environmental Assessment we are preparing. In the simplest terms, your mill plan, water balance, and tailings impoundment must be designed to contain all of the excess water and tailings that your operation would produce over the life of the operation. For the currently proposed operation, it is our estimation that your tailings impoundment is only 1/4 the size it must be to contain the volume of water to be produced during milling. For the current proposal to be authorized by this office, you need to modify your Plan of Operations in one of the following ways: 1) enlarge the size of your tailings impoundment to approximately 10 acres or more; 2) modify your milling operation so that the volume of excess water that would have to be evaporated is no more than 25% of the volume currently proposed; or 3) reduce the size of your milling operation by at least 1/4, to 50 tons per day, or less. We cannot develop the Plan of Operations for CMC, and cannot authorize the current proposal without some type of specific modification.

Please provide this office with the requested modification at your earliest convenience so that we can complete the EA for your project. If you have any questions, or require additional information, please contact Michael Ford of my staff at (801) 977-4360.

Sincerely,

/s/ Margaret Wyatt

Margaret Wyatt
Area Manager

cc: D. Wayne Hedberg, UDOGM